

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 INRE-00 SSO-00 NSCE-00

AF-06 EA-06 NEA-10 IO-10 OIC-02 AGR-05 SP-02 AID-05

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

COME-00 L-03 PRS-01 FRB-03 /106 W

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O 101509Z JUL 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 2748

INFO AMEMBASSY BRASILIA IMMEDIATE

AMCONSUL RIO DE JANEIRO IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, EAGR, OCON

SUBJECT: COFFEE NEGOTIATIONS

SUMMARY: BRAZILIAN AMBASSADOR CAMPOS CALLED ON AMBASSADOR JULY 10 TO EXPRESS CONCERN ABOUT PAPER SUBMITTED BY CONSUMERS IN COFFEE NEGOTIATIONS, WHICH HE DESCRIBED AS GOING BACK ON SOME POINTS WHICH HAD BEEN AGREED. HE WANTED US TO KNOW HE VIEWS SITUATION SERIOUSLY. HE THINKS US WANTS TO REACH AGREEMENT, BUT NEW PROPOSALS, IF MAINTAINED, WOULD MAKE AGREEMENT IMPOSSIBLE. END SUMMARY.

1. AMBASSADOR CAMPOS CALLED ON AMBASSADOR TODAY TO SAY THAT HE IS WORRIED ABOUT DEVELOPMENTS IN COFFEE AGREEMENT. BRAZILIANS HAD THOUGHT UNTIL TWO DAYS AGO THAT THERE WAS PROSPECT OF AGREEMENT, BUT CONSUMERS PAPER GOES BACK ON SEVERAL POINTS WHICH THEY THOUGHT HAD BEEN CLEARED UP. THEY ATTRIBUTE THE CHANGE TO BACKSTEPPING IN THE US POSITION. (CAMPOS SAID US AND BRAZIL ARE THE TWO IMPORTANT PARTIES TO ANY COFFEE AGREEMENT.)

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IF THE PAPER REPRESENTS A FIRM POSITION THEN THERE IS

NO POSSIBILITY OF AGREEMENT.

2. CAMPOS ENNUMERATED FOLLOWING POINTS OF ALLEGED RE-TREAT IN US POSITION:

A. QUOTA PERIOD: US WAS FOR BASE YEAR DETERMINED BY PRODUCERS; NEW PAPER SPONSORS QUOTAS BASED ON MOST RECENT YEARS (WHICH UNDERCUTS BRAZIL'S POSITION AMONG PRODUCERS).

B. FLEXIBILITY OF QUOTAS: NEW PAPER ACCEPTS BASIS OF HISTORICAL PERFORMANCE 80 PERCENT, CURRENT STOCKS 20 PERCENT ONLY FOR SECOND YEAR.

C. OBLIGATION TO EXPORT: BRAZIL CANNOT COMPEL EXPORTS UNLESS THERE IS ALSO OBLIGATION TO IMPORT.

D. GLOBAL QUOTA SHOULD NOT APPLY TO MEMBERS AND NON-MEMBERS ALIKE, LATTER SHOULD BE SEPARATE.

E. SELECTIVE ADJUSTMENT OF QUOTAS SHOULD BE GLOBAL OR BY TYPES (ROBUSTAS AND ARABICAS) RATHER THAN BY GROUPS OF COUNTRIES.

F. SUSPENSION OF QUOTAS: PRICE RISE TO TRIGGER SUSPENSION SHOULD BE BASED ON CURRENT PRICES, NOT AVERAGE OF PRECEDING YEAR.

G. WHEN QUOTAS ARE SUSPENDED THE MECHANISM SHOULD BE MAINTAINED.

3. AMBASSADOR SAID HE WAS NOT INFORMED ON DETAILS OF NEGOTIATIONS OR NEGOTIATOR'S INSTRUCTIONS; WE WOULD HAVE TO CONSULT WITH JOHN INGERSOLL AND THEN REPORT TO DEPARTMENT AS MIGHT BE APPROPRIATE. EMBASSY E/C MIN, WHO WAS PRESENT, ADDED THAT HE HAD HAD A SOMEWHAT DIFFERENT IMPRESSION THAN AMBASSADOR CAMPOS OF THE STATE OF PLAY, BUT HE COULD ASSURE THE AMBASSADOR THAT THE US INDEED WANTS TO REACH AGREEMENT AND THAT CONSUMER PAPER DOES NOT REPRESENT FIRM OR FINAL POSITION.
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Message Attributes

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TAGS: ETRD, EAGR, OCON, (CAMPOS)
To: STATE
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